

110TH CONGRESS  
2D SESSION

# H. R. 6830

To authorize the Secretary of Agriculture and the Secretary of the Interior to assist in the development and coordination of markets for biomass and carbon trading for private forest landowners, to assure sustainable forest practices in the use of biomass and carbon trading activity, and to enhance the relationship between Federal lands and private forest lands on a regional basis in the biomass and carbon trading markets, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2008

Mr. SHULER (for himself and Mr. DEFAZIO) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Ways and Means and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To authorize the Secretary of Agriculture and the Secretary of the Interior to assist in the development and coordination of markets for biomass and carbon trading for private forest landowners, to assure sustainable forest practices in the use of biomass and carbon trading activity, and to enhance the relationship between Federal lands and private forest lands on a regional basis in the biomass and carbon trading markets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
 5 “Healthy Forests, Healthy Planet Act of 2008”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
 7 this Act is as follows:

Sec. 1. Short title; table of contents.  
 Sec. 2. Findings.  
 Sec. 3. Definitions.

TITLE I—CARBON COOPERATIVES TO MANAGE CARBON MARKETS  
 AND BIOFUELS

Sec. 101. Establishment of Carbon Cooperative Zones.  
 Sec. 102. Establishment of Carbon Cooperative and Partnership Councils.  
 Sec. 103. Council duties.  
 Sec. 104. Carbon Cooperative.  
 Sec. 105. Carbon and Biomass Partnership.

TITLE II—FOREST CARBON STORAGE MARKETS

Sec. 201. Environmental Services Standards Board.  
 Sec. 202. Provision of forest carbon credits.

TITLE III—FOREST BIOMASS AND BIOFUELS

Sec. 301. Planning for biomass and biofuel market development.  
 Sec. 302. No reduced credit rate for open-loop biomass production in carbon co-  
 operative zones.  
 Sec. 303. Renewable energy credits for energy independence within carbon co-  
 operative zones.  
 Sec. 304. Small energy generation facility grants.  
 Sec. 305. Requirements for using Risk Reduction Credits.  
 Sec. 306. Biomass production from Federal lands.

8 **SEC. 2. FINDINGS.**

9 Congress finds the following:

10 (1) Forested lands play an important role in  
 11 mitigating the effects of climate change by removing  
 12 carbon dioxide from the atmosphere.

1           (2) Forested lands in the United States can  
2           make a significant contribution toward United  
3           States energy independence by serving as a renew-  
4           able source of biomass for energy production.

5           (3) Markets for carbon credits and biomass are  
6           developing slowly.

7           (4) Owners of small tracts of forested lands  
8           need a cost-efficient way to participate in carbon  
9           credits and biomass markets.

10          (5) The result of forest landowners responding  
11          to the carbon and biomass markets could provide  
12          economic and environmental co-benefits, only if land  
13          stewardship principles are put into practice.

14          (6) To maintain sustainable forests, carbon and  
15          biomass markets need to be tied to places in order  
16          to track and adjust for economic and environmental  
17          conditions.

18          (7) To stimulate development of forest carbon  
19          and biomass markets, the Federal Government can  
20          provide incentives to help forest landowners to orga-  
21          nize and manage in a manner to provide financial  
22          and environmental net benefits.

23 **SEC. 3. DEFINITIONS.**

24          In this Act:

1           (1) AFFORESTATION.—The term “afforesta-  
2           tion” means planting trees after January 1, 1990,  
3           on land that has been in a nonforest land use for at  
4           least 10 years.

5           (2) COUNCIL.—The term “Council” means the  
6           Carbon Cooperative and Partnership Council estab-  
7           lished for a Carbon Cooperative Zone to provide  
8           oversight and market connections for that Zone.

9           (3) DEFORESTATION AVOIDANCE.—The term  
10          “deforestation avoidance” means avoiding, by means  
11          of a long-range commitment to maintain and man-  
12          age a stable supply of carbon within a forest, the  
13          conversion of forested land to other uses.

14          (4) FEDERAL LAND.—The term “Federal land”  
15          means—

16                (A) land within of the National Forest  
17                System (as defined in section 11(a) of the For-  
18                est and Rangeland Renewable Resources Plan-  
19                ning Act of 1974 (16 U.S.C. 1609(a)));

20                (B) public lands (as defined in section 103  
21                of the Federal Land Policy and Management  
22                Act of 1976 (43 U.S.C. 1702));

23                (C) units of the National Park System;  
24                and

1 (D) units of the National Wildlife Refuge  
2 System.

3 (5) FOREST CARBON BASELINE.—The term  
4 “forest carbon baseline” means the inventory of car-  
5 bon stock on the forest lands of a partnering entity  
6 within a Carbon Cooperative Zone in the year of  
7 registration of the Carbon Cooperative Zone.

8 (6) FOREST CARBON REGISTRY.—The term  
9 “forest carbon registry” means the registering of  
10 carbon stocks within a Carbon Cooperative Zone.

11 (7) FOREST CARBON REPLACEMENT RE-  
12 SERVES.—The term “forest carbon replacement re-  
13 serves” means forest carbon stocks on Federal lands  
14 available to replace sequestered carbon losses due to  
15 catastrophic events.

16 (8) HARVESTED SOLID WOOD PRODUCTS.—The  
17 term “harvested solid wood products” means items  
18 made into solid wood products from harvested wood.

19 (9) INDIAN TRIBE.—The term “Indian tribe”  
20 means any Indian or Alaska Native tribe, band, na-  
21 tion, pueblo, village or community that is listed by  
22 the Secretary of the Interior pursuant to section 104  
23 of the Federally Recognized Indian Tribe List Act of  
24 1994 (25 U.S.C. 479a–1).

1           (10) LEAKAGE.—The term “leakage” means a  
2           potentially unaccounted decrease in sequestration  
3           that is caused by an offset project that results in an  
4           accounted increase in sequestration.

5           (11) CARBON COOPERATIVE.—The term “car-  
6           bon cooperative” means a group of forest land-  
7           owners participating in a cooperative effort to co-  
8           ordinate the supply and demand of biomass and car-  
9           bon storage markets in an environmentally sustain-  
10          able manner.

11          (12) PARTNERING ENTITY.—The term “part-  
12          nering entity” means an forest landowner who par-  
13          ticipates in a Carbon Cooperative.

14          (13) PERMANENCE.—The term “permanence”  
15          means the extent to which greenhouse gases that are  
16          sequestered will not later be returned to the atmos-  
17          phere.

18          (14) REFORESTATION.—The term “reforest-  
19          ation” means planting trees after January 1, 1990,  
20          on land that had previously been in forest, but which  
21          has lost forest cover and is not recovering naturally.

22          (15) SECRETARY CONCERNED.—The term  
23          “Secretary concerned” means—

24                 (A) the Secretary of Agriculture, with re-  
25                 spect to the National Forest System; and

1 (B) the Secretary of the Interior, with re-  
2 spect to other Federal land.

3 (16) SEQUESTRATION.—

4 (A) IN GENERAL.—The term “sequestra-  
5 tion” means the long-term capture, separation,  
6 isolation, or removal of greenhouse gases from  
7 the atmosphere.

8 (B) INCLUSIONS.—The term includes, as  
9 the Secretary concerned determines appropriate  
10 for carrying out this Act—

- 11 (i) conservation practices;
- 12 (ii) reforestation;
- 13 (iii) deforestation avoidance;
- 14 (iv) afforestation; and
- 15 (v) any other method of long-term  
16 capture, separation, isolation, or removal  
17 of greenhouse gases from the atmosphere.

18 (C) EXCLUSIONS.—The term does not in-  
19 clude any carbon cooperative forest lands not  
20 certified using a sustainable forest standard.

21 (17) ZONE.—The term “Zone” means a Carbon  
22 Cooperative Zone established under section 101.

1 **TITLE I—CARBON COOPERA-**  
2 **TIVES TO MANAGE CARBON**  
3 **MARKETS AND BIOFUELS**

4 **SEC. 101. ESTABLISHMENT OF CARBON COOPERATIVE**  
5 **ZONES.**

6 (a) ESTABLISHMENT.—The Secretary concerned, or  
7 the Secretary of Agriculture and the Secretary of the Inte-  
8 rior acting jointly when a Carbon Cooperative Zone will  
9 include multiple types of Federal land, may establish Car-  
10 bon Cooperative Zones consisting of—

11 (1) forested Federal land; and

12 (2) forested land in the same contiguous geo-  
13 graphical area in private ownership or owned by a  
14 State or local government or Indian tribe.

15 (b) PURPOSES.—The purposes of Carbon Cooperative  
16 Zones are—

17 (1) to identify viable biofuels and carbon stor-  
18 age market areas from forested land within a contig-  
19 uous geographic area;

20 (2) to manage effects on forest ecosystems from  
21 potential activities that drive carbon storage and  
22 biofuels markets;

23 (3) to manage effects of potential leakage, per-  
24 manence, and other market distortions in a carbon  
25 trading system; and



1           (4) to manage the forest carbon registry and  
2       track amounts of carbon in the registry.

3       (c) CARBON COOPERATIVE ZONE LIMITATIONS.—

4           (1) GEOGRAPHICAL CRITERIA.—For purposes  
5       of subsections (a) and (b)(1), a contiguous geo-  
6       graphic area is designated using the following cri-  
7       teria:

8           (A) The area has similar economic market  
9       drivers.

10          (B) The area has similar forest ecosystems  
11       at a regional scale.

12          (C) The area has a sufficient number of  
13       private forest landowners that, when aggre-  
14       gated, would supply a marketable amount of  
15       carbon or biomass, or both.

16          (2) INCLUSION OF FEDERAL LAND.—A Carbon  
17       Cooperative Zone should include a sufficient quan-  
18       tity of Federal land in order to provide a carbon for-  
19       est replacement reserve.

20       **SEC. 102. ESTABLISHMENT OF CARBON COOPERATIVE AND**  
21               **PARTNERSHIP COUNCILS.**

22          (a) ESTABLISHMENT.—The Secretary concerned, or  
23       the Secretary of Agriculture and the Secretary of the Inte-  
24       rior acting jointly when a Carbon Cooperative Zone in-  
25       cludes multiple types of Federal land, shall establish for

1 each Carbon Cooperative Zone a Carbon Cooperative and  
2 Partnership Council. A Council will be composed of two  
3 branches:

4 (1) The Carbon Cooperative.

5 (2) The Carbon and Biomass Partnership.

6 (b) MEMBERSHIP.—

7 (1) COMPOSITION.—Each Council shall be com-  
8 posed of a board of directors. The number of mem-  
9 bers of the board will be determined by the Sec-  
10 retary concerned based on the size and complexity of  
11 the corresponding Carbon Cooperative Zone. The  
12 Carbon Cooperative will have a cooperative manager  
13 and staff, who are citizens of the United States, to  
14 be appointed by the board of directors of the Coun-  
15 cil. The Carbon and Biomass Partnership will have  
16 a partnership director.

17 (2) REQUIREMENTS.—In appointing board  
18 members of the Council under paragraph (1), the  
19 Secretary concerned shall ensure fair representation  
20 of Carbon Cooperative members, and at a minimum  
21 include State Foresters and representatives of In-  
22 dian tribes. The cooperative staff shall include, at a  
23 minimum, an expert in carbon markets, an expert in  
24 biofuels markets, and an expert in sustainable for-  
25 ests.

1 (3) COMPENSATION.—

2 (A) BOARD MEMBERS.—Members of the  
3 board or directors of a Council shall serve with-  
4 out pay.

5 (B) PROFESSIONAL STAFF.—The Carbon  
6 Cooperative manager and staff and the Carbon  
7 and Biomass Partnership director will be com-  
8 pensated according to prevailing rates, based on  
9 the duties of the position.

10 (c) TERM; VACANCIES.—

11 (1) TERM.—

12 (A) IN GENERAL.—The term of a board  
13 member of a Council shall be five years, except  
14 that the members first appointed to the Coun-  
15 cils shall be appointed for staggered terms over  
16 the five-year period.

17 (B) SERVICE.—Service on a board of a  
18 Council is voluntary.

19 (C) REMOVAL.—A board member may be  
20 removed from the Council on determination of  
21 the Secretary concerned for cause. The Sec-  
22 retary shall submit to Congress a notification of  
23 any determination by the Secretary to remove a  
24 member.

25 (2) VACANCIES.—

1 (A) IN GENERAL.—A vacancy on a Coun-  
2 cil—

3 (i) shall not affect the powers of the  
4 Council; and

5 (ii) shall be filled in the same manner  
6 as the original appointment was made.

7 (B) SERVICE UNTIL NEW APPOINTMENT.—  
8 A board member of a Council whose term has  
9 expired may continue to serve until the date on  
10 which a replacement is appointed under sub-  
11 paragraph (A).

12 (d) CHAIRPERSON AND VICE-CHAIRPERSON.—Of  
13 members of each Council, the Secretary concerned shall  
14 appoint—

15 (1) one member to serve as Chairperson of the  
16 Council; and

17 (2) one member to serve as Vice-Chairperson of  
18 the Council.

19 (e) MEETINGS.—

20 (1) INITIAL MEETING.—A Council shall hold  
21 the initial meeting of the Council as soon as prac-  
22 ticable after the date on which all members have  
23 been appointed to the Council.

24 (2) PRESIDING OFFICER.—A meeting of a  
25 Council shall be presided over by—

1 (A) the Chairperson of the Council;

2 (B) in any case in which the Chairperson  
3 is absent, the Vice-Chairperson; or

4 (C) in any case in which the Chairperson  
5 and Vice-Chairperson are absent, a chairperson  
6 pro tempore, to be elected by the members of  
7 the Council.

8 (3) QUORUM.—Four members of a Council  
9 shall constitute a quorum for a meeting of the Coun-  
10 cil.

11 (4) OPEN MEETINGS.—The Council shall be  
12 subject to section 552b of title 5, United States  
13 Code.

14 **SEC. 103. COUNCIL DUTIES.**

15 (a) COORDINATION AND MANAGEMENT.—

16 (1) PLANNING.—A Council shall coordinate the  
17 landownership plans of partnering entities in the  
18 corresponding Carbon Cooperative in order to sus-  
19 tain forest ecosystems in the Carbon Cooperative  
20 Zone while developing the biomass and carbon stor-  
21 age markets of the Zone.

22 (2) INFORMATION, EDUCATION, AND ASSIST-  
23 ANCE.—A Council shall—

24 (A) coordinate information as the Council  
25 determines to be appropriate regarding the sta-

1           tus of forested conditions within the Carbon Co-  
2           operative Zone and market information for bio-  
3           mass and carbon storage;

4           (B) coordinate with State officials to edu-  
5           cate nonindustrial private forest landowners on  
6           biomass and carbon storage markets and sus-  
7           tainable forest practices;

8           (C) obtain and maintain group certification  
9           for forest sustainability; and

10          (D) assist landowners develop offset pro-  
11          jects and pool credits from landowners across  
12          the Zone.

13          (b) FOREST CARBON REGISTRY.—A Council shall ad-  
14          minister the Forest Carbon Registry for the Carbon Coop-  
15          erative Zone.

16          (c) FOREST CARBON BASELINE.—A Council shall es-  
17          tablish the forest carbon baseline for the Carbon Coopera-  
18          tive Zone and determine all credits due to partnering enti-  
19          ties in the Carbon Cooperative.

20          (d) COST RELIEF MEASURES.—

21               (1) INITIAL PERIOD.—The Secretary concerned  
22               may assist a Council with initial estimates,  
23               verification, and certification requirements for estab-  
24               lishing the forest carbon baseline for the cor-  
25               responding Zone. The Secretary may provide for

1 cost-share agreements with the Council to cover up  
2 to 75 percent of the start-up costs for up to three  
3 years, 50 percent in the fourth year, and 25 percent  
4 in the fifth year of the Council.

5 (2) PERIODIC REQUIREMENTS.—The Secretary  
6 may assist cooperative members with periodic esti-  
7 mates, verification, and certification requirements  
8 for establishing the forest carbon baseline. The Sec-  
9 retary may make grants to members to assist in  
10 their meeting such requirements, subject to a cost  
11 share requirement of up to 50 percent per year.

12 (e) CARBON TRADING.—A Council may trade carbon  
13 on behalf of members of its Carbon Cooperative, subject  
14 to a surcharge for each trade for purposes of funding the  
15 activities of the Council.

16 (f) REPORTS.—A Council shall submit to the Sec-  
17 retary, and cooperative members, annual reports (that are  
18 timely and succinct to ensure regular monitoring of mar-  
19 ket trends) describing—

20 (1) the status of carbon in the cooperative for  
21 tradeable credits provided under this Act or other  
22 Federal law;

23 (2) economic effects of the markets;

24 (3) regional, industrial, consumer, energy in-  
25 vestment responses to the markets;

- 1           (4) environmental conditions created by market  
2       forces;  
3           (5) corrective measures that should be carried  
4       out;  
5           (6) plans to compensate for those measures;  
6       and  
7           (7) cost-relief measures carried out under sub-  
8       section (d).

9   **SEC. 104. CARBON COOPERATIVE.**

10       (a) ESTABLISHMENT.—A Council shall solicit vol-  
11   untary members to establish the Carbon Cooperative of  
12   the Council. Members shall include forest landowners, pri-  
13   marily owners of nonindustrial private forest land.

14       (b) PURPOSES OF CARBON COOPERATIVE.—The pur-  
15   poses of the Carbon Cooperative are—

16           (1) to stimulate biofuels and carbon storage  
17       markets from forests within the corresponding Car-  
18       bon Cooperative Zone by coordinating the suppliers  
19       and demanders;

20           (2) to provide oversight to assure accurate ac-  
21       counting of carbon credits from forests;

22           (3) to obtain and maintain a group certification  
23       in order to coordinate existing landownership plans  
24       and assure members within the Carbon Cooperative  
25       are practicing sustainable forest management;



1           (4) to aggregate forest landowners and operate  
2       a Carbon Cooperative, issue carbon credits, trade  
3       carbon credits, and disburse funds to members; and  
4           (5) to manage and update the forest carbon  
5       registry and allowable credits for carbon in the reg-  
6       istry.

7   **SEC. 105. CARBON AND BIOMASS PARTNERSHIP.**

8       (a) ESTABLISHMENT.—A Council shall solicit vol-  
9       untary members to establish the Carbon and Biomass  
10      Partnership of the Council.

11      (b) PURPOSES OF CARBON AND BIOMASS PARTNER-  
12      SHIP.—The purposes of the Carbon and Biomass Partner-  
13      ship are—

14           (1) to recruit forest landowners and engage  
15      landowners in educational and information on car-  
16      bon and biomass markets;

17           (2) to assist forest landowners with using infor-  
18      mation technology for tracking elements of carbon  
19      and biomass markets and forest resources;

20           (3) to assist the Council with obtaining and  
21      maintaining a group certification for forest sustain-  
22      ability in order to coordinate existing landownership  
23      plans and assure members within the Carbon Coop-  
24      erative are practicing sustainable forest manage-  
25      ment;

1           (4) to assist the Council with coordinating the  
2       efforts of corporations and organizations to advance  
3       the goal of energy independence and mitigating cli-  
4       mate change within the corresponding Zone; and

5           (5) to solicit donations on behalf of the partner-  
6       ship, which will be used for expenses in assisting  
7       landowners manage sustainable forests.

8           **TITLE II—FOREST CARBON**  
9           **STORAGE MARKETS**

10   **SEC. 201. ENVIRONMENTAL SERVICES STANDARDS BOARD.**

11       (a) ESTABLISHMENT.—There is to be established an  
12   Environmental Services Standards Board to develop con-  
13   sistent performance standards for quantifying carbon stor-  
14   age credits across all Carbon Cooperatives in order to fa-  
15   cilitate the development of credit markets for conservation  
16   and land management activities that are forest based.

17       (b) CHAIRPERSON.—The Secretary of Agriculture  
18   shall serve as chairperson of the Environmental Services  
19   Standards Board.

20       (c) MEMBERSHIP.—The Environmental Services  
21   Standards Board shall be comprised of the following:

- 22           (1) The Secretary of Agriculture.  
23           (2) The Secretary of the Interior.  
24           (3) The Secretary of Energy.  
25           (4) The Secretary of Commerce.

1 (5) The Secretary of Transportation.

2 (6) The Administrator of the Environmental  
3 Protection Agency.

4 (7) The Commander of the Army Corps of En-  
5 gineers.

6 (8) Such other representatives as determined by  
7 the President.

8 (d) SUBCOMMITTEES.—The Environmental Services  
9 Standards Board may form subcommittees to address spe-  
10 cific issues.

11 (e) DISSEMINATION OF PERFORMANCE STAND-  
12 ARDS.—Each Carbon Cooperative shall adopt performance  
13 standards developed by the Environmental Services Stand-  
14 ards before a partnering entity can generate marketable  
15 credits.

16 (f) RULEMAKING.—The Environmental Services  
17 Standards Board shall—

18 (1) issue rules to establish the forest carbon  
19 baseline for partnering entities for all Carbon Co-  
20 operatives;

21 (2) issue rules regarding the establishment and  
22 use of tradeable forest carbon credits under section  
23 202; and

24 (3) issue rules regarding the establishment and  
25 use of renewable energy credits under section 303.

1 **SEC. 202. PROVISION OF FOREST CARBON CREDITS.**

2 (a) TRADEABLE FOREST CARBON CREDITS.—The  
3 Environmental Review Standards Board shall promulgate  
4 rules to determine tradeable forest carbon credits. At a  
5 minimum, the rules shall address the following:

6 (1) Credits for afforestation.

7 (2) Credits for deforestation avoidance based on  
8 the rates of deforestation within the corresponding  
9 Carbon Cooperative over the past 10 years.

10 (3) Credits for long-term forest management,  
11 with at least a 20-year commitment.

12 (4) Credits for harvested solid wood products  
13 produced within the Carbon Cooperative Zone, such  
14 as dimensional wood products.

15 (b) FOREST CARBON REPLACEMENT RESERVE.—  
16 The Environmental Review Standards Board shall estab-  
17 lish rules for a forest carbon replacement reserve. The  
18 rules shall address the following:

19 (1) Accounting for carbon stocks on Federal  
20 lands.

21 (2) Issuing Federal Land Carbon Replacement  
22 Certificates.

23 (3) Verifying carbon stocks on Federal Land.

24 (4) Maintaining a stable supply of carbon on  
25 Federal lands over a 20-year cycle.

1           (5) Establishing and receiving a value for the  
2       forest carbon replacement reserves of not less than  
3       2 percent of the trading value per carbon credit.

4       (c) USE OF PROCEEDS.—The proceeds derived from  
5       Federal Land Carbon Replacement Certificates shall be  
6       placed in trust and used by the Secretary concerned who  
7       issued the certificate to help maintain carbon sequestra-  
8       tion.

9       (d) ROLE FOR CARBON COOPERATIVE AND PART-  
10      NERSHIP COUNCILS.—Each Carbon Cooperative and  
11      Partnership Council shall, by regulation—

12           (1) determine a suitable trading platform for  
13      forest carbon credits and enter into contractual  
14      agreement to trade carbon credits;

15           (2) make forest carbon credit trades for its  
16      Carbon Cooperative;

17           (3) disburse funds to the members of its Car-  
18      bon Cooperative; and

19           (4) establish a rate for services of not more  
20      than 1.5 percent of the value per carbon credit, the  
21      proceeds from which shall be available to fund the  
22      activities of the Council.

**TITLE III—FOREST BIOMASS  
AND BIOFUELS**

**SEC. 301. PLANNING FOR BIOMASS AND BIOFUEL MARKET  
DEVELOPMENT.**

(a) IDENTIFICATION OF BIOMASS PRODUCTION LANDS.—Each Carbon Cooperative and Partnership Council shall coordinate the plans of participating forest landowners in the corresponding Carbon Cooperative Zone to identify potential lands for forest biomass production.

(b) CLEARINGHOUSE.—A Council shall serve as a clearinghouse for biomass production and biofuels development as follows:

(1) To educate private forest landowners and commercial enterprises on the development and use of biomass and biofuels.

(2) To increase efficiencies by coordinating biomass and biofuel research.

(3) To facilitate permitting requirements for biofuel production.

(4) To obtain and maintain group certification of sustainable forests during biofuel production.

(5) To assure financial incentives are provided and working properly.

(c) REPORT.—A Council shall submit to the Secretary an annual report describing—

1           (1) the baseline of renewable and non-renewable  
2           energy use within the corresponding Zone by mem-  
3           bers, and the change of use from the baseline for the  
4           year covered by the report;

5           (2) the planned amount of biomass expected to  
6           be supplied by members annually over a 20-year pe-  
7           riod, and the actual annual amount supplied;

8           (3) the quantity of biofuel processed within the  
9           Zone;

10          (4) the quantity of biofuels produced and used  
11          within the cooperative zone;

12          (5) the results of research efforts; and

13          (6) the effectiveness of financial incentives.

14 **SEC. 302. NO REDUCED CREDIT RATE FOR OPEN-LOOP BIO-**  
15 **MASS PRODUCTION IN CARBON COOPERA-**  
16 **TIVE ZONES.**

17          In the case of electricity produced and sold after the  
18          date of the enactment of this Act at any qualified facility  
19          described in section 45(d)(3) of the Internal Revenue Code  
20          of 1986 which is located within a Zone, section 45 of such  
21          Code shall be applied without regard to subsection  
22          (b)(4)(A) thereof.

1 **SEC. 303. RENEWABLE ENERGY CREDITS FOR ENERGY**  
2 **INDEPENDENCE WITHIN CARBON COOPERA-**  
3 **TIVE ZONES.**

4 (a) RENEWABLE ENERGY CREDITS.—The Carbon  
5 Cooperative for a Carbon Cooperative Zone may issue re-  
6 newable energy credits to a producer of forest biomass in  
7 connection with the production of biomass when energy  
8 produced from such biomass directly displaces fossil fuel  
9 energy for uses in institutions, small businesses, or the  
10 generation of electricity for use within the Zone. The Car-  
11 bon Cooperative shall issue the renewable energy credit  
12 after verifying the use of the biomass. A Carbon Coopera-  
13 tive shall authorize the trading of renewable energy credits  
14 on a suitable trading platform on behalf of partnering en-  
15 tities in the cooperative.

16 (b) ASSISTANCE FOR BIOFUEL RETAILERS.—The  
17 Carbon Cooperative for a Carbon Cooperative Zone shall  
18 set aside a portion of each trade of renewable energy cred-  
19 its for the purpose for issuing coupons to retailers of  
20 biofuels produced from biomass within the Zone. A coupon  
21 shall provide for a discount in the cost of biofuel procured  
22 by the retailer of up to 5 percent of the total cost. The  
23 Carbon Cooperative shall issue the coupons to retailers  
24 within the Zone for use only in that Zone.



1 **SEC. 304. SMALL ENERGY GENERATION FACILITY GRANTS.**

2       The Secretary concerned may make grants for small  
3 energy generation facilities where the output is expected  
4 to be used within a single Carbon Cooperative Zone.

5 **SEC. 305. REQUIREMENTS FOR USING RISK REDUCTION**  
6 **CREDITS.**

7       A forest biomass producer may not receive renewable  
8 energy credits under section 303 or a grant for a small  
9 energy generation facility under section 304 unless the  
10 producer is certified for sustainable forest practices. For-  
11 est biomass producers may participate in a group certifi-  
12 cation program administered by the Carbon Cooperative  
13 and Partnership Council for corresponding Carbon Coop-  
14 erative Zone.

15 **SEC. 306. BIOMASS PRODUCTION FROM FEDERAL LANDS.**

16       (a) IN GENERAL.—Biomass production from Federal  
17 lands will be generated through forest activities that en-  
18 hance ecosystem services, including wildlife and fish habi-  
19 tats, thinning to reduce wildfire risks, forest protection,  
20 and storing carbon.

21       (b) EXPANDED USE OF FOREST STEWARDSHIP CON-  
22 TRACTS.—

23           (1) IN GENERAL.—Notwithstanding any other  
24 provision of law, including section 304B of the Fed-  
25 eral Property and Administrative Services Act of  
26 1949 (41 U.S.C. 254c), the Secretary of Agriculture

1 shall not obligate funds to cover the cost of can-  
2 celing a Forest Service multiyear stewardship con-  
3 tract under section 347 of the Department of the In-  
4 terior and Related Agencies Appropriations Act,  
5 1999 (as contained in section 101(e) of division A  
6 of Public Law 105–277; 16 U.S.C. 2104 note) until  
7 the contract is cancelled.

8 (2) COST OF CANCELLATION OR TERMIN-  
9 NATION.—The costs of any cancellation or termi-  
10 nation of a multiyear stewardship contract may be  
11 paid from any appropriations made available to the  
12 Forest Service.

13 (3) ANTI-DEFICIENCY ACT VIOLATIONS.—If the  
14 appropriations described in paragraph (2) are ex-  
15 hausted—

16 (A) such exhaustion shall not be consid-  
17 ered a violation of section 1341 of title 31,  
18 United States Code (commonly known as the  
19 “Anti-Deficiency Act”); and

20 (B) the Secretary of Agriculture shall seek  
21 a supplemental appropriation to cover the costs  
22 of any cancellation or termination of a  
23 multiyear stewardship contract.

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